

DEPARTMENT OF STATE REVENUE
LETTER OF FINDINGS NUMBER: 97-0409 AGI
ADJUSTED GROSS INCOME TAX
FOR TAX PERIODS: 1989-1993

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Issues

Adjusted Gross Income Tax: Credit for Income Taxes Paid to Another State

Authority: IC 6-3-2-1 (a), IC 6-3-3-3 (b), IC 6-8.1-1-5 (b).

Taxpayer protests the denial of the credit for income taxes paid to another state.

Statement of Facts

Taxpayer is a resident of California and received a W-2 wages for services on the Board of Directors of an Indiana corporation. After an investigation, Indiana and county adjusted gross income tax, interest and penalties were assessed. Taxpayer protested the assessment. More facts will be provided as necessary.

Adjusted Gross Income Tax: Credit for Income Taxes Paid to Another State

Discussion

IC 6-3-2-1 (a) imposes the Indiana adjusted gross income "on that part of the adjusted gross income derived from sources within Indiana of every nonresident person." As a resident of California, Taxpayer is a nonresident person. Taxpayer's income from his services on the Board of Directors of an Indiana corporation is income which Taxpayer received from a source within Indiana. Therefore it is subject to the Indiana Adjusted Gross Income Tax.

Taxpayer is, however, entitled to a credit against his Indiana tax liabilities equal to the amount of taxes he paid in California pursuant to IC 6-3-3-3(b) because California is a reverse credit state. After the conclusion of the investigation, Taxpayer filed Indiana Adjusted Gross Income Tax returns for each of the years in question. Tax assessments issued by the Indiana Department of Revenue are presumed to be accurate and taxpayers bear the burden of proving that they are inaccurate. IC 6-8.1-5-1 (b). Although given ample opportunity to do so, Taxpayer produced a California tax return for the 1989 tax period only.

Finding

Taxpayer's protest is sustained for the 1989 tax year and denied for the other tax years.